



Subject: Minutes, SASB Standards Board Meeting – December 4, 2019

Meeting Date: December 4, 2019
Meeting Location: Fordham University, New York City
Attendees: The SASB Standards Board

Daniel L. Goelzer, JD, Senior Counsel, Baker & McKenzie LLP (ret.)
Elizabeth Seeger, Director, Sustainable Investing, KKR
Jeffrey Hales*, PhD, Charles T. Zlatkovich Centennial Professor of
Accounting, University of Texas at Austin
Kurt Kuehn, Former CFO, UPS
Lloyd Kurtz, CFA, Senior Portfolio Manager and Head of Social Impact
Investing, Wells Fargo Private Bank
Marc Siegel, Partner, EY
Robert Hirth, Jr.** , Senior Managing Director, Protiviti; Chairman
Emeritus, Committee of Sponsoring Organizations of the Treadway
Commission (COSO)
Stephanie Tang, JD, Director of Legal, Corporate Securities, Stitch Fix
Verity Chegar**, Director, Sustainable Investing, BlackRock

*SASB Chair

**SASB Vice Chair

Participants:

Anton Gorodniuk, Lead Analyst
Bryan Esterly, Director of Research - Standards
David Parham, Director of Research – Projects
Ekaterina Hardin, Analyst, Extractives & Minerals Processing Sector Lead
Gail Glazerman, Analyst, Resource Transformation & Renewable Resources
Sector Lead
Greg Waters, Analyst, Technology & Communications Sector Lead
Kelli Okuji Wilson*, Analyst
Shivani Kuckreja*, Associate Analyst

Jeff Hales, Chair of the Sustainability Accounting Standards Board, called the public meeting of the Board to order at 1:15 p.m. ET on Wednesday, December 4, 2019. The broadcast of the meeting started at the same time. The Chair noted that the entire board was in attendance with Marc Siegel participating remotely.

The Chair reviewed the priorities for the meeting and noted that meeting materials can be found on SASB's website. Bryan Esterly, the Director of Research for Standards continued by reviewing the standard-setting process. They then jointly discussed the criteria for adding standard-setting projects to the standard setting agenda and processes around agenda prioritization.

Research Project Proposals

Content Moderation on Internet Platforms

Greg Waters, Analyst and Sector Lead for Technology and Communications, began by explaining that the issue of content moderation on internet platforms (including harassment, disinformation, and human rights abuses), may not be adequately captured in the SASB standards.

The Analyst explained that the objective of a research project would be to establish an evidence-based view of how content moderation applies to SASB's General Issue Categories and its industry and sector relevance. This project would aim to define scope and prevalence of a potential standard-setting project on this topic.

The Board raised questions about regulation and liability, freedom of speech, human capital, and existing global standards of media. They also warned against bias around various business models within the field as SASB continues this research. The Analyst will be coming back to the board in a six-month period with a recommendation on whether to proceed further.

Plastics Risks and Opportunities in Pulp & Paper Products and Chemicals Industries

Gail Glazerman, Analyst and Sector Lead for Renewable Resources & Alternative Energy, began by explaining that developments in plastics use have led to an escalating regulatory environment and shifting consumer demand for packaging. The risks and opportunities around these developments are currently not captured in the SASB standards, but there is reason to believe that they could be financially material. This research project would seek to assess investor interest in the topic.

The Board raised questions about how this topic impacts the Consumer Goods sector, the viability of the new developments around creating plastics from alternate sources, the demand around the source for the plastic, the cause for the rise in regulation, and how to structure this research project. The Analyst will be coming back to the board in a six-month period with a recommendation on whether to proceed further.

Standard-Setting Project Proposals

Systemic Risk in Asset Management

Anton Gorodniuk, Analyst and Sector Lead for Financials, began by explaining that two accounting metrics under the Systemic Risk Management topic in the Asset Management industry may no longer satisfy criteria for metric selection. Additionally, emerging product trends

within the industry may contribute to or result in exposure to systemic risk. Therefore, the current content of the standard may not adequately capture performance on the topic.

The Board highlighted that although regulatory views have shifted, SASB needs to carefully evaluate where true interest lies from investors during the execution of this project. The Board unanimously agreed to add the project to its standard-setting agenda, noting that the standard-setting project should evaluate the scope of the Systemic Risk Management topic and corresponding accounting metrics. The Analyst will be coming back to the board in a nine to twelve-month period with a recommendation on how to proceed.

Tailings Management in Extractives

Ekaterina Hardin, Analyst and Sector Lead for Extractives & Minerals Processing, began by explaining that investor understanding of tailings risks has evolved due to recent high-profile accidents that had significant financial implications. Additionally, current metrics that offer a measurement on performance on the topic of tailings management are US centric. Staff seeks approval to re-evaluate relevant standards to better serve the investor community.

The project scope includes reviewing the topic scope and corresponding metrics for two industries within the Extractives Sector – Coals Operations and Metals & Mining. The project will also focus on improving global applicability and cost effectiveness of the standards and is anticipated to take approximately six to twelve months.

The Board and the Analyst discussed how this topic is currently captured in the standards and where the gaps lie. They further discussed what metrics investors are interested in for this topic and how to approach the globalization aspect of this project. The Board unanimously agreed to add this project to the standard-setting agenda.

Project Status Updates

Human Capital Research Project

Kelli Okuji Wilson, Analyst and Sector Lead for Health Care, began by reviewing market indicators for starting the Human Capital Research Project in September of 2019. She reviewed the project description, scope, timeline as well as specific deliverables from the project plan.

The Board raised questions about the timeline for completion of this project, the possibility of collaborating with external groups in the execution of this project and discussed specifics around the deliverables the Analyst has designed as outcomes of the project. The Board also discussed regulatory developments about this topic, how one might approach it from a global perspective, and the idea of seeking feedback from the licensees who are using SASB standards about where they found gaps in the standards around this topic and how they filled in those gaps.

Rules of Procedure Project & Conceptual Framework Project

Shivani Kuckreja, Associate Analyst, reviewed the project description, scope and timeline for both governance document projects.

The next step for the Rules of Procedure Project is that the Analyst will deliver a draft of the revised Rules of Procedure document to the Standards Board by mid-February 2020 for review, and the next step for the Conceptual Framework Project is that the project team is planning to

hold an offsite event to decide on the project scope in February.

The Board raised questions about the status of the SASB website about the communications around the project based model and standard-setting process and about the need for a public comment period on the revision of the Rules of Procedure document.

Agenda Planning

David Parham, Director of Research for Projects, reviewed what the Research Team's project pipeline currently looks like, when project updates are scheduled to happen for the Standards Board, and when the Standards Board will be asked to make decisions about the projects. The Director also provided an overview of project topics that are in the Project Screening phase. These are topics that the Research Team is actively researching.

The Board and the Director discussed the flexibility around the board meeting schedule and when decisions are scheduled to be made.

The Chair adjourned the meeting at 5:30 p.m. ET and the broadcast ended at the same time.

The first Standards Board meeting of 2020 will take place on February 24 & 25.

Minutes prepared and submitted,



Blanka Fuzvolgyi, Operations Associate

Respectfully submitted for the record,



Jeff Hales, Chair of the Board